

Virginia Department of Mines, Minerals and Energy
Virginia Gas and Oil Board

Minutes and results of hearing, June 21, 2005

Board members present: Mr. Brent, Mr. Garbis, Mr. McIntyre, Mr. Ratliff, Mr. Wampler

1. The Virginia Gas and Oil Board considered a petition from EOG resources, Inc. for pooling of a conventional gas unit PK K-18, Garden District, Buchanan County, Virginia. Docket Number VGOB-05-0315-1426. Continued from May.

In the PK K-18 180-acre conventional gas unit, the applicant controls 31.6% of the oil and gas interests, and seeks to pool the remaining 68.4% of the interests. Unleased acreage subject to pooling totals 123.1 net acres in four tracts having seven owners who are not leased to the applicant. There are no unlocated owners subject to escrow. No application for permit to drill the unit has been submitted. Pooling was approved.

2. The Virginia Gas and Oil Board considered a petition from Karen T. and Don E. Taylor for disbursement of funds from escrow and authorization for direct payment of royalties on a portion of tract 4, unit VC-504492, Ervinton District, Dickenson County, Virginia. Docket Number VGOB-03-1021-1200. Continued from May.

The petitioners, who are oil and gas owners, have reached an agreement with the conflicting coal claimant, Pine Mountain Oil and Gas, regarding disbursement of escrowed funds and payment of future revenues. The agreement cedes all escrowed and future royalties to the petitioners. Disbursement of funds was approved.

3. The Board on its own motion will receive testimony to correct prior orders issued for Unit BB33, Garden District, Buchanan County, Virginia. Docket 04-0817-1318-01. Continued from May.

Previous testimony and the resulting Board order indicate that no escrow was required under this docket. A subsequently submitted supplemental order shows conflicting claimants requiring escrow in one tract. At the April hearing, CNX Gas Company, the designated operator, requested permission to correct the testimony and was told that the item would be placed on the docket for May. Corrected testimony was given and will be incorporated in the Board's order.

4. The Virginia Gas and Oil Board considered a petition from CNX Gas Company, LLC for re-pooling of coalbed methane unit D-23, Garden District, Buchanan County, Virginia. Docket Number VGOB-01-1016-0942-01. Continued from May.

In the D-23 80-acre unit, the operator controls 99.6% of the coal and gas interests, and seeks to pool the remaining 0.4% of the interests. Unleased acreage subject to pooling totals 0.3 net acres in one tract with three unleased owners. There are no conflicting owners or unlocated owners subject to escrow. A permit to drill was issued on 1/10/02 and a well has been drilled and completed. This unit was previously pooled by Board action on October 16, 2001. Pooling was approved

5. The Virginia Gas and Oil Board considered a petition from CNX Gas Company, LLC for establishment of drilling units under field rules allowing for horizontal drilling, Maiden Springs District, Tazewell County, Virginia. Docket Number VGOB-04-0921-1341-02. Continued from May.

The Board has previously approved an 80-acre grid pattern in the area of this application to accommodate horizontal drilling, and has previously approved two such projects. This proposal involves the drilling of two wells (one service well and one producing well) and two horizontal legs

without laterals. CNX Gas Company controls 100% of the CBM estate. The horizontal drilling unit was approved.

6. The Virginia Gas and Oil Board considered a petition from CNX Gas Company, LLC for pooling of coalbed methane unit E-53, Garden District, Buchanan County, Virginia. Docket Number VGOB-05-0517-1445. Continued from May.

In the E-53 80-acre unit, the applicant controls 100% of the coal interests and 99.65% of the gas interests, and seeks to pool the remaining 0.35% of the gas interests. Unleased gas acreage subject to pooling totals 0.16 net acres in two tracts with multiple unleased claimants. There are conflicting claimants and unknown owners subject to escrow. A permit to drill was issued on 5/9/01 and a well has been drilled and completed. Pooling was approved.

7. The Virginia Gas and Oil Board considered a petition from CNX Gas Company, LLC for pooling of coalbed methane unit BA-122, New Garden District, Russell County, Virginia. Docket Number VGOB-05-0517-1447. Continued from May.

In the BA-122 58.74-acre unit, the applicant controls 99.6% of the coal interests and 36.0% of the gas interests, and seeks to pool the remaining 0.4% of the coal interests and 64.0% of the gas interests. Unleased coal acreage subject to pooling totals 0.27 net acres in two tracts with 10 unleased owners, and gas acreage subject to pooling totals 37.7 net acres in 17 tracts with 22 unleased owners. There are conflicting claimants and unlocated owners subject to escrow, and conflicting claimants subject to existing royalty split agreements. A permit to drill was issued on 2/18/05. Pooling was approved.

8. The Virginia Gas and Oil Board considered a petition from CNX Gas Company, LLC for pooling of coalbed methane unit BA-123, New Garden District, Russell County, Virginia. Docket Number VGOB-05-0517-1448. Continued from May.

In the BA-123 58.74-acre unit, the applicant controls 95.8% of the coal interests and 70.2% of the gas interests, and seeks to pool the remaining 4.2% of the coal interests and 29.8% of the gas interests. Unleased coal acreage subject to pooling totals 2.49 net acres in one tract with seven unleased owners, and gas acreage subject to pooling totals 17.5 net acres in two tracts with 8 unleased owners. There are conflicting claimants subject to escrow, and conflicting claimants subject to existing royalty split agreements. A permit to drill was issued on 2/18/05. Pooling was approved.

9. The Virginia Gas and Oil Board considered a petition from CNX Gas Company, LLC for pooling of coalbed methane unit BE-111, New Garden District, Russell County, Virginia. Docket Number VGOB-05-0517-1449. Continued from May.

In the BE-111 58.74-acre unit, the applicant controls 99.8% of the coal interests and 98.8% of the gas interests, and seeks to pool the remaining 0.2% of the coal interests and 1.2% of the gas interests. Unleased coal acreage subject to pooling totals 0.12 net acres in one tract with one unleased owner, and gas acreage subject to pooling totals 0.68 net acres in two tracts with one unleased owners. There are no conflicting claimants or unlocated owners subject to escrow. A permit to drill was issued on 4/4/05. Pooling was approved.

10. The Virginia Gas and Oil Board considered a petition from Equitable Production Company for a well location exception for proposed well V-505254, Ervinton District, Dickenson County, Virginia. Docket Number VGOB-05-0517-1450. Continued from May.

The applicant seeks an exception in order to drill a conventional well closer to an existing well than allowed under statewide spacing. The proposed well is to be 214 feet closer to existing Appalachian Energy gas well EH-37 than the 2500 feet mandated by spacing. The exception is

needed because of topographic constraints. A permit application has been submitted. The location exception was approved.

11. The Virginia Gas and Oil Board considered a petition from Equitable Production Company for creation and pooling of conventional gas unit V-505254, Ervinton District, Dickenson County, Virginia. Docket Number VGOB-05-0517-1451. Continued from May.

In the V-505254 112.69-acre conventional gas unit, the applicant controls 72.3% of the oil and gas interests, and seeks to pool the remaining 27.7% of the interests. Unleased acreage subject to pooling totals 31.2 net acres in two tracts having 125 unleased owners. There are many unlocated owners subject to escrow. A permit application has been submitted. Pooling was approved

12. The Virginia Gas and Oil Board considered a petition from Equitable Production Company for pooling of coalbed methane unit VC-505217, Ervinton District, Dickenson County, Virginia. Docket Number VGOB-05-0517-1452. Continued from May.

In the VC-505217 58.77-acre unit, the applicant controls 86.5% of the coal interests and 100% of the gas interests, and seeks to pool the remaining 7.9% of the coal interests. Unleased coal acreage subject to pooling totals 7.9 net acres in one tract with three unleased owners. There are no conflicting claimants or unlocated owners subject to escrow. A unit location exception was granted by the Director and a permit to drill was issued on 5/3/05. Pooling was approved

13. The Virginia Gas and Oil Board considered a petition from Equitable Production Company for pooling of coalbed methane unit VC-504658, Ervinton District, Dickenson County, Virginia. Docket Number VGOB-05-0517-1453. Continued from May.

In the VC-504658 58.77-acre unit, the applicant controls 100% of the coal interests and 99.8% of the gas interests, and seeks to pool the remaining 0.2% of the gas interests. Unleased gas acreage subject to pooling totals 0.13 net acres in one tract with one unleased owner. There are conflicting claimants subject to escrow. No permit application has been submitted. Pooling was approved

14. The Virginia Gas and Oil Board considered a petition from Equitable Production Company for creation and pooling of conventional gas unit V-502365, Gladeville District, Wise County, Virginia. Docket Number VGOB-05-0517-1454. Continued from May.

In the V-502365 112.69-acre conventional gas unit, the applicant controls 97.7% of the oil and gas interests, and seeks to pool the remaining 2.3% of the interests. Unleased acreage subject to pooling totals 2.55 net acres in one tract having three unleased owners. There are no unlocated owners subject to escrow. No permit application has been submitted. Pooling was approved

15. The Virginia Gas and Oil Board considered a petition from Equitable Production Company for creation and pooling of conventional gas unit V-536764, Ervinton District, Dickenson County, Virginia. Docket Number VGOB-05-0517-1455. Continued from May.

In the V-536764 112.69-acre conventional gas unit, the applicant controls 81.1% of the oil and gas interests, and seeks to pool the remaining 18.9% of the interests. Unleased acreage subject to pooling totals 21.3 net acres in one tract having four unleased owners. There are no unlocated owners subject to escrow. No permit application has been submitted. Pooling was approved

16. The Virginia Gas and Oil Board considered a petition from Equitable Production Company for creation and pooling of conventional gas unit V-535453, Kenady District, Dickenson County, Virginia. Docket Number VGOB-0517-1456. Continued from May.

In the V-535453 112.69-acre conventional gas unit, the applicant controls 73.8% of the oil and gas interests, and seeks to pool the remaining 26.2% of the interests. Unleased acreage subject to pooling totals 29.5 net acres in six tracts having three unleased owners. There are tracts with undetermined ownership that are subject to escrow. A permit application has been submitted. Pooling was approved

17. The Virginia Gas and Oil Board considered a petition from Columbia Natural Resources, LLC for creation and pooling of conventional gas unit 825532, Knox District, Buchanan County, Virginia. Docket Number VGOB-0517-1457. Continued from May.

In the 825532 112.69-acre conventional gas unit, the applicant controls 99.9% of the oil and gas interests, and seeks to pool the remaining 0.1% of the interests. Unleased acreage subject to pooling totals 0.09 net acres in one tract having 20 unleased owners. There are no unlocated owners subject to escrow. A permit application has been submitted. Pooling was approved

18. The Virginia Gas and Oil Board considered a petition from Columbia Natural Resources, LLC for a well location exception for proposed well 824544, Rocklick District, Buchanan County, Virginia. Docket Number VGOB-05-0517-1458. Continued from May.

The applicant seeks an exception in order to drill a conventional well closer to an existing well than allowed under statewide spacing. The proposed well is to be 137 feet closer to existing Columbia Natural Resources well 24629 than the 2500 feet mandated by spacing. The exception is needed to accommodate coal owner requests. No permit application has been submitted. The location exception was approved.

19. The Virginia Gas and Oil Board considered a petition from Equitable Production Company for a well location exception for proposed well V-536098, Kenady District, Dickenson County, Virginia. Docket Number VGOB-05-0517-1459. Continued from May.

The applicant seeks an exception in order to drill a conventional well closer to an existing well than allowed under statewide spacing. The proposed well is to be 187 feet closer to permitted Equitable well V-502018 than the 2500 feet mandated by spacing. The exception is needed because of topographic constraints. A permit application has been submitted. The location exception was approved.

20. The Virginia Gas and Oil Board was scheduled to consider a petition from CNX Gas Company, LLC for pooling of a coalbed methane unit AY-140, Maiden Springs District, Tazewell County, Virginia. Docket Number VGOB-05-0315-1413. Continued from March.

The applicant has obtained voluntary agreements with all parties in Unit AY-140, and withdrew the petition.

21. The Virginia Gas and Oil Board considered a petition from William C. and Vonda E. Rose for disbursement of funds from escrow and authorization for direct payment of royalties on Tract 5, unit VC-504509, Kenady District, Dickenson County, Virginia. Docket Number VGOB-01-1120-0986-01.

The petitioners, who are oil and gas owners, have reached an agreement with the conflicting coal claimant, Pine Mountain Oil and Gas, regarding disbursement of escrowed funds and payment of future revenues. The agreement cedes all escrowed and future royalties to the petitioners. The disbursement of funds was approved.

22. The Virginia Gas and Oil Board considered a petition from William C. and Vonda E. Rose for disbursement of funds from escrow and authorization for direct payment of royalties on Tract 6, unit VC-3047, Kenady District, Dickenson County, Virginia. Docket Number VGOB-99-0420-0719-01.

The petitioners, who are oil and gas owners, have reached an agreement with the conflicting coal claimant, Pine Mountain Oil and Gas, regarding disbursement of escrowed funds and payment of future revenues. The agreement cedes all escrowed and future royalties to the petitioners. The disbursement of funds was approved.

23. The Virginia Gas and Oil Board considered a petition from EOG Resources, Inc. appealing a decision by the Division of Gas and Oil Director denying permit applications No. 7780, 7781 and 7791 for operations in the Garden District of Buchanan County subsequent to Informal Fact Finding Conference 16905. Docket Number 05-0621-1466.

Island Creek Coal Company filed objections to the permit applications listed above under Section 45.1-361.12.A of the Gas and Oil Act which, paraphrased, states that if a coal owner and a gas operator cannot agree to a new well location within 2500 feet of an existing or permitted well, the permit shall be denied. The permits were denied by decision of the Director. The decision of the Director was upheld.

24. The Virginia Gas and Oil Board considered a petition from Columbia Natural Resources, LLC for re-pooling of a conventional gas unit 25404, North Grundy District, Buchanan County, Virginia. Docket Number VGOB-05-0315-1420-01.

In the 25404 112.69-acre conventional gas unit, the applicant controls 81.2% of the oil and gas interests, and seeks to pool the remaining 18.8% of the interests. Unleased acreage subject to pooling totals 21.2 net acres in one tract having four unleased owners. There are no unlocated owners subject to escrow. The unit was originally pooled on March 15, 2005. No permit application has been submitted. Pooling was approved

25. The Virginia Gas and Oil Board considered a petition from Equitable Production Company for pooling of coalbed methane unit VC-503721, Hurricane District, Buchanan County, Virginia. Docket Number VGOB-05-0621-1467

In the VC-503721 58.77-acre unit, the operator controls 96.3% of the coal and gas interests, and seeks to pool the remaining 3.7% of the interests. Unleased acreage subject to pooling totals 2.16 net acres in one tract with multiple potential owners. There are conflicting claimants subject to escrow. An application for permit to drill the unit has been submitted. Pooling was approved

26. The Virginia Gas and Oil Board considered a petition from Equitable Production Company for pooling of coalbed methane unit VC-536641, Hurricane District, Buchanan County, Virginia. Docket Number VGOB-05-0621-1468.

In the VC-536641 58.77-acre unit, the operator controls 99.6% of the coal and gas interests, and seeks to pool the remaining 0.4% of the interests. Unleased acreage subject to pooling totals 0.23 net acres in one tract with 10 unleased owners. There are no conflicting claimants subject to escrow, but there are claimants subject to existing royalty split agreements. No application for permit to drill the unit has been submitted. Pooling was approved

27. The Virginia Gas and Oil Board considered a petition from Hard Rock Exploration, Inc. for creation and pooling of conventional gas unit HRVAE #6, Garden District, Buchanan County, Virginia. Docket Number VGOB-05-0621-1469.

In the HRVAE #6 PK N-22 180-acre conventional gas unit, the applicant controls 64.4% of the oil and gas interests, and seeks to pool the remaining 35.6% of the interests. Acreage subject to pooling totals 64.3 net acres in four tracts that are leased to a third party. There are no unlocated owners subject to escrow. A permit application has been submitted. Pooling was approved

28. The Virginia Gas and Oil Board considered a petition from Pine Mountain Oil & Gas, Inc. for pooling of coalbed methane unit Watkins #7, Hurricane District, Buchanan County, Virginia. Docket Number VGOB-05-0621-1470.

In the Watkins #7 58.77-acre unit, the applicant controls 100% of the coal interests and 99.4% of the gas interests, and seeks to pool the remaining 0.6% of the gas interests. Unleased gas acreage subject to pooling totals 0.36 net acres in one tract with four unleased owners. There are conflicting claimants subject to escrow. An application for permit to drill the unit has been submitted. Pooling was approved

29. The Virginia Gas and Oil Board considered a petition from Appalachian Energy, Inc. for pooling of coalbed methane unit AE-148, North Grundy District, Buchanan County, Virginia. Docket Number VGOB-05-0621-1471.

In the AE-148 69.66-acre unit, the operator controls 82.5% of the coal and gas interests, and seeks to pool the remaining 17.5% of the interests. Unleased acreage subject to pooling totals 12.2 net acres in one tract with 20 unleased owners. There are no conflicting claimants or unlocated owners subject to escrow. No application for permit to drill the unit has been submitted.

30. The Virginia Gas and Oil Board considered a petition from Appalachian Energy, Inc. for pooling of coalbed methane unit AE-149, North Grundy District, Buchanan County, Virginia. Docket Number VGOB-05-0621-1472.

In the AE-149 69.66-acre unit, the operator controls 96.7% of the coal and gas interests, and seeks to pool the remaining 3.3% of the interests. Unleased acreage subject to pooling totals 2.3 net acres in one tract with six unleased owners. There are no conflicting claimants or unlocated owners subject to escrow. No application for permit to drill the unit has been submitted. Pooling was approved

31. The Virginia Gas and Oil Board considered a petition from GeoMet Operating Company, Inc. for pooling of coalbed methane unit Rogers 197-CBM Unit C-43, Garden District, Buchanan County, Virginia. Docket Number VGOB-05-0621-1473.

In the Cc-43 80-acre unit, the applicant controls 93.8% of the coal interests and 82.1% of the gas interests, and seeks to pool the remaining 6.2% of the coal interests and 17.9% of the gas interests. Coal acreage subject to pooling totals 4.9 net acres in one tract with one unleased owner, and gas acreage subject to pooling totals 14.3 net acres in two tracts with eight unleased owners. There are conflicting claimants subject to escrow. A permit application has been submitted. Pooling was approved

32. The Virginia Gas and Oil Board considered a petition from GeoMet Operating Company, Inc. for pooling of coalbed methane unit Rogers 198-CBM Unit B-43, Garden District, Buchanan County, Virginia. Docket Number VGOB-05-0621-1474.

In the B-43 80-acre unit, the applicant controls 100% of the coal interests and 87.2% of the gas interests, and seeks to pool the remaining 12.8% of the gas interests. Unleased gas acreage subject to pooling totals 10.2 net acres in two tract with seven unleased owners. There are conflicting claimants subject to escrow. An application for permit to drill the unit has been submitted. Pooling was approved

The deadline for filing of petitions to the Board for the July hearing is 5 p.m., Friday, June 17, 2005, with the hearing scheduled for 9 a.m. on Tuesday, July 19, 2005 at the Southwest Virginia Higher Education Center, Abingdon, Virginia.